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BULLETIN NO. 2006-01

October 17, 2005

TO: ALL SERVICERS AND HOLDERS
(ATTN: LOSS MITIGATION DEPARTMENTS)

SUBJ: INTEREST RATE ON PROMISSORY NOTES

Purpose

The purpose of this bulletin is to state the percentage rate to be used in assessing interest charges for outstanding debts owed the Government. This is of particular interest to companies approved for participation in the Servicer Loss Mitigation Program (SLMP).

What Is The New Rate

The rate applicable for January 1, 2005, through December 31, 2005, is one (1) percent. The rate of interest is set by the Treasury Department.

When Is This Rate Used

This interest rate is used on promissory notes taken by approved SLMP servicers in connection with compromise claims and deeds in lieu of foreclosure. The note must amortize the amount due over a five year period at the specified rate with equal monthly payments beginning one year from the date of execution. A sample promissory note is available at www.vba.v.gov/ro/houston.lgy/index.html. For further guidance on obtaining promissory notes, please see page 16 of the SLMP instructions.

Rescission

This bulletin rescinds RLC Bulletin No. 2003-19, dated December 30, 2003, on the same subject.

Questions and Comments

If you have questions or comments concerning this bulletin, please contact Helen Galer, Loan Administration Officer, at 713-794-3602 or Helen.Galer@vba.va.gov.

R. BIAGIOLI
Loan Guaranty Officer